

How 3 minority developers broke ground: 'This is not for the faint of heart'

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Personal capital. Private money. Networking. Partnering with larger companies. Experience.

All are prerequisites for minority contractors trying to take on major projects.

And one more thing: It takes an abundance of patience, because it can take several years for a minority firm to become a player in Buffalo's construction and development business.

It's not an easy road, according to Brenda Calhoun, Rhonda A. Ricks and Benathan Upshaw – three developers who have made the move and whose first three Buffalo projects are worth a combined \$25 million, mostly in affordable housing.

"This is not for the faint of heart. You have to have thick skin," said Ricks, president and chief executive officer of R+A+R Development.

Calhoun, Ricks and Upshaw are among a group of emerging minority developers who are making a name for themselves in an industry in which minorities have historically been underrepresented.

The three use a mix of private money from banks – something minority entrepreneurs have long complained they couldn't get – personal capital and tax credits.

"Having assets of your own in the millions" is a good idea, Ricks said.

One way to do that is by partnering with a larger firm, she said, adding that she faced stumbling blocks before connecting with Florida-based SA+A Development.

"I had no experience, and I did not have that type of liquidity, and everyone wants to see a track record. That's why I had to venture with them," said Ricks, who noted it also can be beneficial because first-timers may not know exactly what they're up against.

"On a \$20 million project, you're going to need about \$2 million in liquidity," Upshaw said.

How do you get that? He said putting money aside instead of buying a sports car or spending on other trivial pursuits is a good way for a minority developer to wield his or her own power down the road.

That's what Upshaw did. As a result, his company CB Emmanuel "started getting our own deals without anybody else's money," he said. "We've started attracting private capital. People are bringing us in. Now we're at a point we're establishing a construction division."

But not every fledging developer has to have a \$1 million in the bank, said Calhoun, president and founder of Calhoun Insurance Agency and Onyx Global Group. Smaller projects – like her \$1.5 million affordable apartments venture at 2201-2209 Fillmore Ave. – don't require as much liquidity.

But either way, it's important to find a good mentor because it helps when going to banks for financing, Calhoun said. Her mentor was Creative Structures Services, a much larger development firm whose president, David Pawlik, was instrumental in helping her secure funding from Evans Bank.

"You need a good mentor to vouch for you," she said. "I believe that's where CSS was most helpful. (Pawlik) was able to vouch for me, to say the integrity was there, my work ethics were there, and he would be there for support... You have to build a good, solid foundation. Like a good building, you can't have cracks in the foundation."

The support of city officials also has helped, as does participating in government programs like the state's HOME initiative and other housing partnerships.

And learning all aspects of the business is critical.

"Be knowledgeable about construction, finance and law," Upshaw said.

Ricks added that "most development companies are in-house, and every deal is financed differently," relying on everything from bank loans and bonds to a variety of tax credits that can be sold to investors to raise the cash to start building. Fledging developers have to be well versed in the whole array of financing mechanisms.

"You've got to learn it all," Ricks said.

A vision becomes bricks and mortar

Whether it's through affordable housing projects, making sure minority contractors have a growing role on construction jobs or giving minority vendors chances they might not have gotten otherwise, developer Rhonda A. Ricks has a vision for helping minority communities.

"It's important to show them something different than what they've become accustomed to," she said.

Ricks' R+A+R Development was a compliance monitor on Buffalo's \$1 billion dollar school reconstruction project. Before that, she did community outreach for LPCiminelli, helping the company win the contract for the restoration project while using her seat at the table to convince the firm to increase what she considered inadequate goals for minority and women participation to build businesses that could stand on their own, she said.

Her roles on the schools project put her on the road to becoming a developer herself and remaking large, vacant buildings – particularly schools closed because of declining population, but which are still "an integral part of the community."

Her first project, Parkview Apartments – formerly School 59 – is "particularly near and dear" to her heart.

"It sits in the heart of our community. It sits across the street from an Olmsted park. It sits across the street from John Wilson's bust of Martin Luther King, which there's only one other one in the country," Ricks said. "And for the most part it's home ownership around the park... then we have this abandoned building."

Ricks saw the former school built in 1901 as a catalyst, but it took her awhile to understand the complexities of the various tax credits that could make it work. She also realized she needed a partner to guide her.

"In development, they say experience, experience, experience... and I didn't have any," Ricks said.

Then Assemblywoman Crystal Peoples-Stokes introduced her to Ernst Valery, a principal at SA+A Development who shared her vision for working in communities of color, she said.

Another step was securing financing, which took several years.

"I had invested too much of my personal finances in it, and it was like, 'I can't turn back now. I'm all in, and I'm not losing my money,'" she said. "Here we are seven years later with (Parkview Apartments) done."

In the process, Ricks has provided opportunities for other minorities and women. For instance, she said, the tables in a communal area of Parkview were made by minorities, as was the artwork.

"They're all from the community," said Ricks, who has two more projects in the works. "That part is really exciting for me."

Child wannabe now developer in demand

Ben Upshaw has come a long way from his days as a 12-year-old reading about real estate titans Donald Trump, Trammel Crowe and how to buy property with no money down.

By the time Upshaw was a freshman at Canisius College majoring in finance, he was learning about high-finance real estate, corporate raider Carl Icahn and "junk bond king" Michael Milken. By his mid 20s, Upshaw brokered his first no-money-down deal on a two-family home on Roma Avenue.

But a three-family house on Brinkman he later purchased turned out to be one of the worst mistakes of his life.

"I had a plan for buying it, but I didn't have a plan for managing it," Upshaw said. "I was young."

Today, the 47-year-old Upshaw's CB Emmanuel Realty – named for his partner's and his initials and the Biblical phrase "with God" – finances its own projects and is in demand from others.

"People are bringing us in. We're at a point we're establishing a construction division," said Upshaw, whose \$16 million Lofts at University Heights opened in March on Lisbon Avenue, five months after his \$20 million Niagara City Lofts opened in Niagara Falls.

He didn't get there by accident. He earned a master's in real estate from New York University, crunched numbers and did marketing during internships and jobs there before becoming finance director of a housing agency, gaining invaluable experience along the way.

"That's how I started to learn what to do, what to ask for. I started seeing how things were connected," he said.

Still, he felt he wasn't making much progress. But tragedy changed his perspective.

NYU classmates were making \$500 to \$750 a day at Lehman Brothers in the World Trade Center. But after multiple interviews, the company said only that it would keep Upshaw's resume on file.

"I went to the bottom of the atrium in the World Trade Center and cried," he said, recalling that interview.

On Sept. 11, 2001, many of his former classmates perished in the terrorist attack.

"They were on the 42nd floor. That's where I would have been working," Upshaw said. And Lehman Brothers itself eventually went out of business.

Upshaw returned to Buffalo in July 2003 after getting married in 2002. His wife became vice dean at the University at Buffalo Law School. He taught an affordable-housing clinic part-time and consulted for nonprofits that were building housing on the East Side, while periodically commuting to New York City to help his business partner with their first project, 28 apartments in Brooklyn.

Upshaw credits all of that combined experience with preparing him for what he does now.

"That's how I saw how stuff really got done. It was critical," he says. "All the background was necessary before I was able to do anything."

From insuring builders to being one

Brenda Calhoun did not start out in construction.

Instead, the SUNY Fredonia psychology major took a circuitous route, founding the Calhoun Insurance Agency in 1989 focused on commercial insurance, then specializing in construction insurance and building a network from there.

Now she's ready to begin building her own project.

"I insured a lot of contractors, and then I ended up setting up a new company," said Calhoun, 62.

That new company was Onyx Administrative Services, which opened in the early 2000s as a consultant providing business management services to contractor clients at her insurance agency, as well as for development projects in the Fruit Belt led by St. John Baptist Church, she said.

In 2004, Onyx became one of the companies tasked with monitoring MWBE compliance on the \$1 billion project remaking the Buffalo Public Schools.

Also in 2004, Calhoun formed a strategic marketing relationship with Lawley Insurance, a large Buffalo-based firm that specializes in serving the construction industry. When the alliance formed, Calhoun had three employees; Lawley had 225.

By 2010, she had moved from consulting to supplies when she opened Onyx Global Group and was awarded a \$1.4 million renovation contract providing administrative services like invoicing and ordering supplies as well as project management, including scheduling work and providing weekly project status reports to the Virginia (Street)-Michigan (Avenue) Housing Development Fund affiliated with St. John Baptist.

In the process, she learned a lot about suppliers, workforce development and safety protocols.

Then Onyx Global got a contract doing administrative reporting for Tetra Tech, an international construction management firm, making sure its project met specifications.

With those and other contracts, Calhoun continued to build her network and gain more knowledge of the construction industry, finally reaching the point where she is ready to step out on her own as a construction contractor. She expects to break ground on her first construction project in July, converting an abandoned building at Fillmore Avenue and Jewett Avenue into affordable housing.

With this project, Calhoun has come full circle from the time when the owners of buildings called her about insuring their properties. Now, she's developing her own.

